

Message Text

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PAGE 01 TOKYO 00273 01 OF 02 090216Z

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ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 OPIC-06 LAB-04 SIL-01

PA-02 PRS-01 /093 W

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R 090133Z JAN 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5938

UNCLAS SECTION 1 OF 2 TOKYO 0273

PASS EXIM BANK FOR GOODMAN

E.O. 11652: N/A

TAGS: EFIN, ETRD, JA

SUBJECT: GOVERNMENT SUPPORTED PROGRAM LINES OF EXPORT CREDIT

REF: 75 STATE 274342

1. JAPAN'S EXPORT IMPORT BANK PROVIDES VARIOUS KINDS OF FINANCING AIMED AT PROMOTING JAPAN'S TRADE WITH FOREIGN COUNTRIES. AMONG THESE IS TIED BUYER'S CREDITS RELATED TO LONG TERM PROJECTS IN RECIPIENT COUNTRIES. SUCH CREDITS MAY BE EXTENDED TO FOREIGN GOVERNMENTS OR THEIR AGENCIES, CENTRAL BANKS, OR ENTERPRISES, AND ARE OFTEN, THOUGH NOT ALWAYS, ON QTE PREFERENTIAL UNQTE TERMS, I.E., LESS THAN MARKET TERMS. SUCH CREDITS DO NOT APPEAR TO FIT PRECISELY THE DEFINITION OF PROGRAM LINES OF CREDIT GIVEN IN REFTEL IN THAT THEY MAY OFTEN BE USED FOR SERVICES AS WELL AS CAPITAL GOODS. NEVERTHELESS, FOLLOWING INFO MAY BE OF USE TO EXIM; COMPLETE INFO RE 1975 IS NOT YET AVAILABLE, AND EXAMPLES GIVEN BELOW ARE REPRESENTATIVE:

2. RE QUESTIONS POSED REFTEL PARA 2 B 5, 7, 8, AND 9, FOLLOWING IS GENERALLY TRUE:

UNCLASSIFIED

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PAGE 02 TOKYO 00273 01 OF 02 090216Z

A) (RE REFTEL PARA 2 B 5): TOTAL PERIOD FOR WHICH CREDIT LINE IS AVAILABLE IS USUALLY 2-3 YEARS AND IS DECIDED AT TIME INITIAL AGREEMENT IS CONCLUDED (SEE BELOW). JAPAN'S EXIM BANK DECLINED TO GIVE SPECIFICS RE TRANSACTIONS PRESENTED BELOW. HOWEVER, IN THE EVENT BORROWER DOES NOT FULLY UTILIZE CREDIT LINE WITHIN THE AGREED TIME PERIOD, UNUSED AMOUNT IS CANCELLED.

B) (RE REFTEL PARA 2 B 7): JAPAN'S EXIM IS RELUCTANT TO GIVE SPECIFIC EXAMPLES OF INSURANCE, GUARANTEE, OR OTHER FEES. HOWEVER, FOLLOWING ARE BASIC GROUP POLICY RATES (WHICH ARE LESS THAN INDIVIDUAL POLICY RATES) FOR MOST COMMON INSURANCE: MITI GENERAL EXPORT INSURANCE PREMIUM IS FROM 0.09 PERCENT FOR 13-18 MONTH PERIOD TO 0.43 PERCENT FOR 120 MONTH PERIOD. MITI EXPORT PROCEEDS INSURANCE PREMIUM IS FROM 0.2808 PERCENT FOR 13-18 MONTH PERIOD TO 3.1680 PERCENT FOR 240 MONTH PERIOD. JAPAN'S EXIM MAY (BQ DOES NOT ALWAYS) CHARGE COMMITMENT FEE OF ABOUT 0.5 PERCENT.

C) (RE REFTEL PARA 2 B 8): BANK INITIALLY CONCLUDES AGREEMENT WITH BORROWER PROVIDING FOR LINE OF CREDIT AND RELEVANT TERMS. ITEMS TO BE PROCURED ARE ROUGHLY DESCRIBED IN THIS AGREEMENT, AND INDIVIDUAL EXPORT CONTRACTS ARE SUBSEQUENTLY MADE ON ITEM BY ITEM BASIS. EACH CONTRACT MUST BE APPROVED BY BANK. TERMS SET IN INITIAL AGREEMENT ARE APPLICABLE TO EACH CONTRACT.

D) (RE REFTEL PARA 2 B 9): INITIAL BANK/BORROWER AGREEMENT STIPULATES WHETHER LOCAL COSTS MAY BE SUPPORTED BY BANK'S LOAN. GENERALLY, AMOUNT OF LOCAL COSTS COVERED MAY NOT EXCEED AMOUNT OF DOWN PAYMENT OF PARTICULAR CONTRACT.

3. FOLLOWING ARE REPRESENTATIVE EXAMPLES OF LINES OF CREDIT APPROVED DURING 1975. SUB-SUB-PARAGRAPH NUMBERS BELOW CORRESPOND TO SUB-SUB-PARAGRAPH NUMBERS IN REFTEL PARA 2:

A. 1. CORPORATION ANDINA DE FOMENTO
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PAGE 03 TOKYO 00273 01 OF 02 090216Z

2. PURCHASES FROM JAPAN OF EQUIPMENT, MATERIALS AND SERVICES NECESSARY FOR SUCH ECONOMIC DEVELOPMENT PROJECTS AS PETROCHEMICAL, METAL MACHINERY, STEEL MILL, ETC.

3. EXPORT-IMPORT BANK OF JAPAN

4. UP TO 3 BILLION YEN (\$9.83 MILLION AT 305 YEN/DOLLAR)

6. 7.5 PERCENT PER ANNUM

8. 10 YEARS INCLUDING 3-YEAR GRACE

B. 1. ECUADOR

- 2. PURCHASES FROM JAPAN OF POWER GENERATORS, ENGINES AND CONTROL BOARDS
- 3. EXPORT-IMPORT BANK OF JAPAN
- 4. UP TO 4.98 BILLION YEN (\$16.32 MILLION), OF WHICH (1) 2.68 BILLION YEN BASED ON GOVERNMENT-GOVERNMENT EXCHANGE OF NOTES AND (2) 2.3 BILLION YEN BUYER'S CREDIT
- 6. (1) 4.75 PERCENT PER ANNUM
(2) 7.5 PERCENT PER ANNUM
- 8. (1) 20 YEARS INCLUDING 7-YEAR GRACE
(2) 9 YEARS INCLUDING 2-YEAR GRACE

C. 1. EL SALVADOR

- 2. PURCHASES FROM JAPAN OF EQUIPMENT, INSTRUMENTS AND SERVICES NECESSARY FOR CONSTRUCTION OF A NEW AIRPORT IN EL SALVADOR
- 3. EXPORT-IMPORT BANK OF JAPAN
- 4. UP TO 5.7 BILLION YEN (\$18.68 MILLION), OF WHICH UP TO 570 MILLION YEN MAY BE SPENT FOR LOCAL COSTS
- 6. 4.5 PERCENT PER ANNUM
- 8. 20 YEARS INCLUDING 7-YEAR GRACE

D. 1. EL SALVADOR

- 2. PURCHASES FROM JAPAN OF EQUIPMENT, MATERIALS AND SERVICES NECESSARY FOR INSTALLATION OF TELEPHONE FACILITIES.

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PAGE 01 TOKYO 00273 02 OF 02 090221Z

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ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 OPIC-06 LAB-04 SIL-01

PA-02 PRS-01 /093 W

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R 090133Z JAN 76
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5939

UNCLAS SECTION 2 OF 2 TOKYO 0273

3. EXPORT-IMPORT BANK OF JAPAN AND 12 FOREIGN
EXVNAME BANKS

- 4. UP TO 6.5 BILLION YEN (\$21.31 MILLION)
- 6. 5.75 PERCENT PER ANNUM
- 8. 18 YEARS INCLUDING 5-YEAR GRACE

E. 1. GABON

2. PURCHASES FROM JAPAN OF CAPITAL GOODS AND
MATERIALS NECESSARY FOR 1,015 KILOMETER-LONG TRANS-
GABON RAILWAY CONSTRUCTION

- 3. EXPORT-IMPORT BANK OF JAPAN AND FOUR
JAPANESE FOREIGN EXCHANGE BANKS
- 4. UP TO 3 BILLION YEN (\$9.83 MILLION)
- 6. 4.75 PERCENT PER ANNUM
- 8. 20 YEARS INCLUDING 7-YEAR GRACE

F. 1. INDIA

2. PURCHASES FROM JAPAN OF MATERIALS AND
SERVICES NECESSARY FOR CONSTRUCTION OF CHEMICAL
FERTILIZER PLANT IN PANIPAT

- 3. EXPORT-IMPORT BANK OF JAPAN
- 4. UP TO 11 BILLION YEN (\$36.06 MILLION)
- 6. 4 PERCENT PER ANNUM
- 8. 25 YEARS INCLUDING 7-YEAR GRACE

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PAGE 02 TOKYO 00273 02 OF 02 090221Z

G. 1. INDIA

2. PURCHASES FROM JAPAN OF MACHINERY AND
SERVICES NECESSARY FOR CONSTRUCTION OF CHEMICAL
FERTILIZER PLANTS IN PANIPAT AND BHATINDA

- 3. EXPORT-IMPORT BANK OF JAPAN
- 4. UP TO 10.9 BILLION YEN (\$35.74 MILLION)
- 6. 4 PERCENT PER ANNUM
- 8. 25 YEARS INCLUDING 7-YEAR GRACE

H. 1. IRAQ

2. PURCHASES FROM JAPAN OF CAPITAL GOODS,
MATERIALS AND SERVICES NECESSARY FOR CONSTRUCTION OF
CHEMICAL FERTILIZER PLANT

- 3. EXPORT-IMPORT BANK OF JAPAN
- 4. UP TO 21.8 BILLION YEN (\$71.4 MILLION)
- 6. 4 PERCENT PER ANNUM
- 8. 25 YEARS INCLUDING 7-YEAR GRACE

I. 1. MALAYSIA

2. PURCHASES FROM JAPAN OF EQUIPMENT, MATERIALS AND SERVICES NECESSARY FOR THE PROJECTS AGREED UPON BY THE GOVERNMENTS OF YHTWO COUNTRIES
3. EXPORT-IMPORT BANK OF JAPAN AND SOME FOREIGN EXVANGE BANKS
4. UP TO 18 BILLION YEN (\$59 MILLION)
6. 5 PERCENT PER ANNUM
8. 20 YEARS INCLUDING 7-YEAR GRACE

J. 1. MEXICO

2. PURCHASES FROM JAPAN AND MEXICO OF EQUIPMENT, MATERIALS AND SERVICES NECESSARY FOR MODERNIZATION OF MANSANIRYO (PHONETIC) PORT
3. EXPORT-IMPORT BANK OF JAPAN
4. UP TO 6.6 BILLION YEN (\$21.64 MILLION)
6. 4.25 PERCENT PER ANNUM
8. 20 YEARS INCLUDING 5-YEAR GRACE

K. 1. PHILIPPINES

2. PURCHASES OF 3 TURBINES, 3 POWER GENERATORS (60 MW), ETC. NECESSARY FOR CONSTRUCTION OF SECOND UNCLASSIFIED

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PAGE 03 TOKYO 00273 02 OF 02 090221Z

HYDRAULIC POWER STATION, PART OF INDUSTRIAL DEVELOPMENT PLANIN KAGAYAN DISTRICT

3. EXPORT-IMPORT BANK OF JAPAN AND EIGHT JAPANESE BANKS
4. UP TO 2.86 BILLION YEN (\$9.37 MILLION)
6. 8 PERCENT PER ANNUM
8. 12 YEARS INCLUDING 3-YEAR GRACE

L. 1. TURKEY

2. PURCHASES FROM JAPAN OF COMPRESSORS, ETC. FOR REPAIRING ROAD UNDER THE THIRD FIVE-YEAR PLAN (1973 -1977)
3. EXPORT-IMPORT BANK AND THREE OHER FOREIGN EMAGE BANKS
4. UP TO 1.04 BILLION YEN (\$3.4 MILLION)
6. 7.5 PERCENT PER ANNUM
8. FIVE YEARS AFTER THE LAST SHIPMENT

4. FUTURE EXAMPLE OF PROGRAM LINE OF CREDIT APPEARS TO BE ASAHAN ALUMINUM PROJECT IN INDONESIA FOR WHICH JAPAN'S EXIM HAS BEEN COMMITTED BY GOJ TO PROVIDE YEN EQUIVALENT OF APPROXIMATELY 370 MILLION DOLLARS. THIS COMMITMENT IS REPORTED IN TOKYO 9508, JULY 14, 1975. HOWEVER, JAPAN'S EXIM HAS NOT YET SIGNED LOAN AGREEMENT FOR THIS PROJECT.

5. EMBASSY IS POUCHING TO EA/J FOR EXIM COPIES OF MOST
RECENT ENGLISH LANGUAGE PUBLICATIONS OF JAPAN'S OVERSEAS
ECONOMIC COOPERATION FUND, LENDING ACTIVITIES OF WHICH
MAY ALSO BE RELEVANT TO EXIM'S INQUIRY.
HODGSON

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Message Attributes

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Copy: SINGLE
Draft Date: 09 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
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